

Women & Retirement Social Media — January

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January 10

It's time to gear up for tax season. Do you know about the saver's credit? This credit could help you or someone you know save and catch a break on taxes later. Share or tag anyone you think may benefit from [this info](#).

The saver's credit is often overlooked and underused

Experts estimate the credit is claimed by no more than

5%
of eligible filers.



An individual with up to \$33,000 in adjusted gross income (AGI) or a couple with \$66,000 in AGI may qualify for this beneficial retirement savings incentive.

The credit must be claimed using IRS Form 1040, Form 1040-SR, or Form 1040-NR using Form 8880.

Source: AARP, There's an Annual Saver's Tax Credit Hardly Anyone Knows About, Sept. 10, 2021.

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Saver's credit



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Wondering if you are eligible for the saver's credit? Share this information with someone you know. More information on eligibility and the amount of the credit is available [here](#).

You may be eligible for the saver's credit if you are:

Age 18 or older.



Not claimed as a dependent on another person's return.



Not a student.



You were a student if during any part of five calendar months of the tax year you:

Were enrolled full time at a school.



or



Took a full-time, on-farm training course.

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Saver's credit



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The **saver's credit** is available to low- to moderate- income individuals saving for their retirement. It's a credit to reward folks for saving and to offset their federal tax burden. Speak with a tax professional or financial advisor to ensure you are taking advantage of the tax breaks available to you.

Saver's credit basics

The saver's credit from the Internal Revenue Service (IRS) is available to workers with low to moderate income who are saving for retirement.

It's worth up to \$1,000 (\$2,000 if filing jointly to one of the following plan types for taxpayers who contribute through their work:

\$ Traditional IRA \$ 401(k) \$ 403(b)

\$ Roth IRA \$ 457



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Saver's credit



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The saver's credit is based off your adjusted gross income (AGI) and tax filing category. Your AGI is your total income minus adjustments. You may also fill out **2020 IRS Form 8880** to see if you are eligible.

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How to calculate adjusted gross income (AGI)

Adjusted gross income is your total gross income minus certain adjustments.

First, add up all your income.*

- ① Earnings from jobs and self-employment.
- ② Social Security payments.
- ③ Unemployment payments.
- ④ Interest from savings and checking accounts.

*Examples shown are typical per IRS.

Second, subtract all your adjustments.*

- ⑤ Deductions for retirement accounts, student loan interest and payments, and health savings account contributions.
- ⑥ Moving expenses for active-duty military service members.

The result is your

Adjusted Gross Income

Your AGI may only be used when filing one of the following IRS forms: 1040, 1040-SR, or 1040-NR.



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Saver's credit



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